

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA Title III

Case No. 17-bk-3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as a representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,

Debtor.

PROMESA Title III

Case No. 17-bk-4780-LTS

**INFORMATIVE MOTION REGARDING AMENDED ELECTION
NOTICE FOR NATIONAL INSURED BONDHOLDERS WITH CLAIMS IN
CLASS 5 OF THE MODIFIED SECOND AMENDED TITLE III PLAN OF
ADJUSTMENT OF THE PUERTO RICO ELECTRIC POWER AUTHORITY**

To the Honorable United States District Judge Laura Taylor Swain:

1. On March 3, 2023, the Court entered the *Order (I) Approving Disclosure Statement*,

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-bk-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (Bankruptcy Case No. 17-bk-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (Bankruptcy Case No. 17-bk-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (Bankruptcy Case No. 17-bk-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (Bankruptcy Case No. 17-bk-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (Bankruptcy Case No. 19-bk-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

(II) Fixing Voting Record Date, (III) Approving Confirmation Hearing Notice and Confirmation Schedule, (IV) Approving Solicitation Packages and Distribution Procedures, (V) Approving Forms of Ballots and Voting and Election Procedures, (VI) Approving Notice of Non-voting Status, (VII) Fixing Voting, Election, and Confirmation Deadlines, and (VIII) Approving Vote Tabulation Procedures [Case No. 17-4780, ECF No. 3304]² (the “Disclosure Statement Order”), approving, among other things, the form of election notice, substantially in the form attached thereto as Schedule 5 (the “National Election Notice”).

2. Pursuant to Article XX of the *Modified Second Amended Title III Plan of Adjustment of the Puerto Rico Electric Power Authority* [ECF No. 3296] (the “Modified Second Amended Plan”),³ National Public Finance Guarantee Corporation (“National”) has selected the treatment options (the “Treatment Options”) to be available to beneficial holders of Allowed National Insured Bond Claims arising on account of National Insured Bonds, and informed the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) of such selection.

3. Accordingly, the Oversight Board and National have amended the National Election Notice to reflect the Treatment Options (the “Amended National Election Notice”). The Amended National Election Notice is attached hereto as **Exhibit A** and a redline reflecting the changes to the National Election Notice is attached here as **Exhibit B**.

4. The Balloting Agent will complete mailing of the Amended National Election Notice to the relevant beneficial holders on or around May 8, 2023.

5. As of May 8, 2023, the Treatment Options are available for election on ATOP for

² Unless otherwise stated, all ECF Nos. shall refer to the docket in Case No. 17-4780.

³ Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Modified Second Amended Plan or Disclosure Statement Order, as applicable.

the relevant beneficial holders.

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Dated: May 8, 2023
San Juan, Puerto Rico

Respectfully submitted,

/s/ Paul V. Possinger

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as representative for PREPA*

CERTIFICATE OF SERVICE

I hereby certify that, on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notifications of such filing to all CM/ECF participants in this case.

/s/Hermann D. Bauer
Hermann D. Bauer

Exhibit A

Amended National Election Notice

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17-BK-3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,

Debtor.

PROMESA

Title III

No. 17-BK-4780-LTS

(Jointly Administered)

**AMENDED ELECTION NOTICE
FOR NATIONAL INSURED BONDHOLDERS WITH CLAIMS IN CLASS 5**

This Amended Election Notice (the “Notice”)² is being sent to the beneficial holders of Allowed National Insured Bond Claims arising on account of National Insured Bonds, which are insured by National Public Finance Guarantee Corporation (“National”). These securities give rise to Claims in Class 5 of the *Modified Second Amended Title III Plan of Adjustment of the Puerto Rico Electric Power Authority*, dated March 1, 2023 [ECF No. 3296] (as the same may be updated,

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17- BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19- BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² This Notice supersedes the original *Election Notice for National Insured Bondholders With Claims in Class 5* that was previously distributed to beneficial holders of Allowed National Insured Bond Claims.

supplemented, amended and/or otherwise modified from time to time, the “Plan”).³ Although National has the right to cast the vote on account of Claims arising from National Insured Bonds to accept or reject the Plan, holders of Claims in Class 5 are entitled to elect their form of treatment pursuant to the Plan.

Each holder of an Allowed National Insured Bond⁴ has the option to elect to receive on the Effective Date, or as soon as reasonably practicable thereafter, in full consideration, satisfaction, release, and exchange of such holder’s Claim:

National Commutation Treatment (Option 1): On the Effective Date, or as soon as reasonably practicable thereafter, you will receive the National Commutation Consideration, distributable by or at the direction of National in its sole and absolute discretion pursuant to Section 20.A of the Plan.

The National Commutation Consideration consists of: (i) your Pro Rata Share of the National Plan Consideration plus (ii) other consideration to be selected by National in National’s sole discretion that, together with (i), equals 96% of the principal and unpaid interest due and payable as of the Effective Date to you arising from the National Insurance Policies relating to your Allowed National Insured Bond Claim; provided that the value of such consideration under (i) and (ii) shall be determined as valued under the Plan (and, by making such election, you shall be deemed to have agreed to commute the National Insurance Policies relating to your Allowed National Insured Bond Claim). The National Plan Consideration consists of the Series B Bonds in the face amount equal to seventy-one and sixty-five one hundredths percent (71.65%) of the amount of the Allowed National Insured Bond Claims.

If you elect the National Commutation Treatment (Option 1), (i) you shall not receive any payments from National under the National Insurance Policies on account of accrued and unpaid interest on and after, or, in the case of any capital appreciation bonds, the accreted value on and after, the Effective Date, and to the extent any accrued or accreted interest is paid to you by National after such date, such amount shall be credited against the consideration you (or your successors, transferees, or assigns) are otherwise entitled to receive as National Commutation Consideration, (ii) the National Insured Bonds underlying your Allowed National Insured Bond Claim shall be deemed cancelled on the Effective Date, and (iii) you shall have no other or further rights under or with respect to the applicable National Insurance Policy or any of the National Non-Commutation Treatment options described in Section 20.B of the Plan or with respect to the National Non-Commutation Treatment (Option 2) below. You are urged to consult your own tax

³ Unless otherwise defined herein, each capitalized term used herein shall have the meaning given to it in the Plan. The Plan and Disclosure Statement are available at <https://cases.ra.kroll.com/puertorico/>.

⁴ Any calculations and/or payments to be made to you based on, or in relation to, your Allowed National Insured Bond Claims pursuant to the options set out herein will take into account any payments of principal and/or accrued interest already made to you by National pursuant to the terms of the relevant National Insurance Policies. For the avoidance of doubt, you shall not be compensated for any amounts already paid to you pursuant to the terms of the relevant National Insurance Policies.

advisors regarding the tax consequences of receiving the National Commutation Consideration.

National Non-Commutation Treatment (Option 2): If you timely and validly elect to receive the National Non-Commutation Treatment, (i) National shall receive, and the Distribution Agent shall disburse to National, or such other Entity as National may direct in its sole and absolute discretion, the National Plan Consideration distributable on account of the applicable Allowed National Insured Bond Claim in a manner mutually agreed upon by the Distribution Agent and National and (ii) you may further elect to receive one of the following treatments:

- (i) **Option 2A:** National shall have all right, title, and interest in the National Plan Consideration and shall manage the National Plan Consideration in its sole and absolute discretion subject to and in accordance with its obligations under applicable insurance regulations, and National shall remain obligated to you under the applicable National Insurance Policy to provide policy payments to you as and when originally due under the PREPA Revenue Bonds, subject to any rights of acceleration provided in the applicable National Insurance Policy. Any income received on account of this Option 2A likely will not be excluded from gross income for purposes of U.S. federal income tax, Commonwealth income tax, and U.S. state and local income tax and you are urged to consult your own tax advisors regarding the tax consequences of this income. Please note that any securities issued on the Effective Date in connection with this Option 2A will **not** be marketable.
- (ii) **Option 2B:** You (i) agree to and not dispute acceleration of your National Insured Bonds and the obligations of National with respect to you under the applicable National Insurance Policy, in each case, in National's sole discretion, on the Effective Date or any time thereafter, and (ii) (A) deposit, or be deemed to have deposited, among other things, your Pro Rata Share of the National Trust Consideration, the National Insured Bonds allocable to you, and the related National Insurance Policies into the applicable National Trust, (B) be deemed to have received your Pro Rata Share of the National Trust Consideration and National Certificates in consideration therefor, and (C) have no recourse to National or the National Insurance Policies other than as provided for under the terms of the National Trust. Any income received on account of this Option 2B likely will not be excluded from gross income for purposes of U.S. federal income tax, Commonwealth income tax, and U.S. state and local income tax and you are urged to consult to consult your own tax advisors regarding the tax consequences of this income. Please note that any securities issued on the Effective Date in connection with this Option 2B will **not** be marketable.

If you fail to make a valid election or submit an election for less than all of your Claims in Class 5 (in which case, such election will be void and of no force and effect), you will be deemed to have elected to commute the applicable National Insurance Policies, to release and discharge National's obligations thereunder, and to receive distributions in accordance with the National Commutation Treatment (Option 1). If you do not validly elect to receive the National Non-Commutation Treatment, you shall be deemed to have had, on or after the Effective Date, the National Insured Bonds, including the obligations of National under the related National Insurance Policies, underlying your Claim cancelled.

You are encouraged to review the entire Disclosure Statement and the Plan before making an election with respect to the form of distribution you will receive under the Plan. The tax consequences described in the Disclosure Statement and this Notice are not a substitute for careful tax planning and professional tax advice upon your individual circumstances and you should seek advice from your own tax advisor.

Please take notice that you are not able to vote to accept or reject the Plan and will not receive separate voting instructions for such purpose. Pursuant to the Plan and the Disclosure Statement Order, National is entitled to vote to accept or reject the Plan on account of Claims arising from securities insured by National.

IF YOU WISH TO RECEIVE THE NATIONAL COMMUTATION TREATMENT (OPTION 1), YOU DO NOT NEED TO TAKE ANY FURTHER ACTION. HOWEVER, IN SUCH CASE, YOU WILL BE DEEMED TO HAVE ELECTED TO RELEASE, DISCHARGE, AND COMMUTE NATIONAL'S OBLIGATIONS AND THE NATIONAL INSURANCE POLICY.

Each holder of National Insured Bonds described on Exhibit A attached hereto that wishes to receive the National Non-Commutation Treatment (Option 2A or Option 2B) must submit a valid election in the manner described herein.

* * * * *

How to Submit a Valid Election

If you wish to elect to receive the National Non-Commutation Treatment (Option 2A or Option 2B), you must instruct your broker or nominee (each, a "Nominee") to electronically deliver your National Insured Bonds via the Automated Tender Offer Program ("ATOP") at The Depository Trust Company ("DTC"), together with your election to participate in either Option 2A or Option 2B of the National Non-Commutation Treatment.

No paperwork is required to be delivered to Kroll to effectuate an election to receive the National Non-Commutation Treatment (Option 2A or Option 2B). The sole means of effectuating the National Non-Commutation Treatment election (Option 2A or Option 2B) is to (i) validly tender your National Insured Bonds into the proper ATOP envelope at DTC, and (ii) make the election to receive either Option 2A or Option 2B, each as described on DTC's ATOP system.

**THE ELECTION DEADLINE IS
5:00 P.M. (ATLANTIC STANDARD TIME) ON JUNE 7, 2023.**

This date and time is referred to as the “Election Deadline.”

PLEASE TAKE NOTICE THAT IF YOU TENDER YOUR NATIONAL INSURED BONDS THROUGH ATOP, YOU WILL BE RESTRICTED FROM TRANSFERRING YOUR NATIONAL INSURED BONDS UNTIL THE ISSUANCE OF NEW CUSIPS IN CONNECTION WITH SUCH TENDERED BONDS, WHICH ISSUANCE SHALL OCCUR AS SOON AS REASONABLY PRACTICABLE AFTER THE ELECTION DEADLINE. IF YOU DESIRE TO RETAIN THE ABILITY TO TRADE OR TRANSFER YOUR NATIONAL INSURED BONDS PRIOR TO THE ISSUANCE OF NEW CUSIPS, THEN YOU SHOULD NOT TENDER YOUR NATIONAL INSURED BONDS THROUGH ATOP.

PLEASE ALSO TAKE NOTICE THAT THE NEW CUSIPS ISSUED IF YOU TENDER YOUR NATIONAL INSURED BONDS WILL BE CANCELLED AS OF THE EFFECTIVE DATE OF THE PLAN.

YOU MAY, HOWEVER, REVOKE YOUR ELECTION AT ANY TIME BEFORE THE ELECTION DEADLINE AND WITHDRAW ANY TENDERED NATIONAL INSURED BONDS.

* * * * *

How to Revoke an Election

You may revoke an election to receive the National Non-Commutation Treatment (Option 2A or Option 2B) and withdraw your National Insured Bonds tendered through DTC’s ATOP at any time before the Election Deadline.

If you wish to revoke your election, you must instruct your Nominee to revoke your election and withdraw your National Insured Bonds via ATOP at DTC (which withdrawal will be confirmed by Kroll once notified by DTC of the withdrawal request). No paperwork is required to be delivered to Kroll to effectuate the election.

If you revoke your election at any time before the Election Deadline, you may make an election to receive the National Non-Commutation Treatment (Option 2A or Option 2B) at any time before the Election Deadline, in accordance with the instructions to submit an election above.

* * * * *

If you have any questions about your holdings, please contact your Nominee. Additionally, you must contact your Nominee to take any action described above.

IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE, PLEASE CONTACT THE BALLOTING AGENT, KROLL RESTRUCTURING ADMINISTRATION LLC (“KROLL”),⁵ BY TELEPHONE AT (844) 822-9231 (TOLL FREE FOR U.S. AND PUERTO RICO) OR (646) 486-7944 (FOR INTERNATIONAL CALLERS), AVAILABLE 10:00 A.M. TO 7:00 P.M. (ATLANTIC STANDARD TIME) (SPANISH AVAILABLE), OR BY EMAIL AT PUERTORICOINFO@RA.KROLL.COM AND REFERENCE “NATIONAL DISTRIBUTION ELECTION” IN THE SUBJECT LINE. PLEASE NOTE THAT KROLL IS NOT AUTHORIZED TO PROVIDE, AND WILL NOT PROVIDE, LEGAL ADVICE.

All questions as to the validity, form and eligibility (including time of receipt) of your election will be determined by the Oversight Board, whose determination shall be final and binding on all parties. The Oversight Board and National reserve the absolute right to reject any or all elections that are not in proper form or the acceptance of which would, in its legal counsel’s opinion, be unlawful. The Oversight Board and National also reserve the right to waive any defects, irregularities or conditions as to an election. A waiver of any defect or irregularity in one instance shall not constitute a waiver of the same or any other defect or irregularity with respect to any other instance except to the extent the Oversight Board may otherwise so provide. An election shall not be deemed to have been made until any defects or irregularities have been waived by us or cured. None of the Oversight Board, National or the Balloting Agent, nor any other person will be under any duty to give notification of any defect or irregularity in this election, or will incur any liability to you for failure to give any such notification.

⁵ On March 29, 2022, Prime Clerk LLC changed its name to Kroll Restructuring Administration LLC.

Exhibit A

Description	CUSIP

Exhibit B

Redline

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17-BK-3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,

Debtor.

PROMESA

Title III

No. 17-BK-4780-LTS

(Jointly Administered)

AMENDED ELECTION NOTICE
FOR NATIONAL INSURED BONDHOLDERS WITH CLAIMS IN CLASS 5

This Amended Election Notice (the “Notice”)² is being sent to the beneficial holders of Allowed National Insured Bond Claims arising on account of National Insured Bonds, which are insured by National Public Finance Guarantee Corporation (“National”). These securities give rise to Claims in Class 5 of the *Modified Second Amended Title III Plan of Adjustment of the*

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² This Notice supersedes the original Election Notice for National Insured Bondholders With Claims in Class 5 that was previously distributed to beneficial holders of Allowed National Insured Bond Claims.

Puerto Rico Electric Power Authority, dated March 1, 2023 [ECF No. ~~_____~~3296] (as the same may be updated, supplemented, amended and/or otherwise modified from time to time, the “Plan”).²³ Although National has the right to cast the vote on account of Claims arising from National Insured Bonds to accept or reject the Plan, holders of Claims in Class 5 are entitled to elect their form of treatment pursuant to the Plan.

Each holder of an Allowed National Insured Bond³⁴ has the option to elect to receive on the Effective Date, or as soon as reasonably practicable thereafter, in full consideration, satisfaction, release, and exchange of such holder’s Claim:

National Commutation Treatment (Option 1): On the Effective Date, or as soon as reasonably practicable thereafter, you will receive the National Commutation Consideration, distributable by or at the direction of National in its sole and absolute discretion pursuant to Section 20.A of the Plan.

The National Commutation Consideration consists of ~~a combination of some or all of the following:~~ (i) your Pro Rata Share of the National Plan Consideration; plus (ii) ~~a percentage, other consideration~~ to be ~~determined at~~ selected by National in National’s sole discretion that, ~~of the amounts distributable to National in accordance with the terms and provisions of Article VIII.A of the Plan; and together with (iii) Cash in an amount to be determined by National in its sole discretion, in full and complete satisfaction, release,~~ equals 96% of the principal and unpaid interest due and discharge payable as of any further obligation of National with respect the Effective Date to you arising from the applicable National Insurance Policies relating to your Allowed National Insured Bond Claim; provided that the value of such consideration under (i) and (ii) shall be determined as valued under the Plan (and, by making such election, you shall be deemed to have agreed to commute the National Insurance Policies relating to your Allowed National Insured Bond Claim). The National Plan Consideration consists of the Series B Bonds in the face amount equal to seventy-one and sixty-five one hundredths percent (71.65%) of the amount of the Allowed National Insured Bond Claims.

If you elect the National Commutation Treatment (Option 1), (i) you shall not receive any payments from National under the National Insurance Policies on account of accrued and unpaid interest on and after, or, in the case of any capital appreciation bonds, the accreted value on and after, the Effective Date, and to the extent any accrued or accreted interest is paid to you by National after such date, such amount shall be credited against the consideration you (or your successors, transferees, or assigns) are otherwise entitled to

²³ Unless otherwise defined herein, each capitalized term used herein shall have the meaning given to it in the Plan. The Plan and Disclosure Statement are available at <https://cases.ra.kroll.com/puertorico/>.

³⁴ Any calculations and/or payments to be made to you based on, or in relation to, your Allowed National Insured Bond Claims pursuant to the options set out herein will take into account any payments of principal and/or accrued interest already made to you by National pursuant to the terms of the relevant National Insurance Policies. For the avoidance of doubt, you shall not be compensated for any amounts already paid to you pursuant to the terms of the relevant National Insurance Policies.

receive as National Commutation Consideration, (ii) the National Insured Bonds underlying your Allowed National Insured Bond Claim shall be deemed cancelled on the Effective Date, and (iii) you shall have no other or further rights under or with respect to the applicable National Insurance Policy or any of the National Non-Commutation Treatment options described in Section 20.B of the Plan or with respect to the National Non-Commutation Treatment (Option 2) below. You are urged to consult your own tax advisors regarding the tax consequences of receiving the National Commutation Consideration.

National Non-Commutation Treatment (Option 2): If you timely and validly elect to receive the National Non-Commutation Treatment, (i) National shall receive, and the Distribution Agent shall disburse to National, or such other Entity as National may direct in its sole and absolute discretion, the National Plan Consideration distributable on account of the applicable Allowed National Insured Bond Claim, in a manner mutually agreed upon by the Distribution Agent and National and (ii) ~~such Holder shall~~ you may further elect to receive one of the following treatment(s) treatments:⁴

- (i) **Option 2A:** National shall have all right, title, and interest in the National Plan Consideration and shall manage the National Plan Consideration in its sole and absolute discretion subject to and in accordance with its obligations under applicable insurance regulations, and National shall remain obligated to you under the applicable National Insurance Policy to provide policy payments to you as and when originally due under the PREPA Revenue Bonds, subject to any rights of acceleration provided in the applicable National Insurance Policy. Any income received on account of this Option 2A likely will not be excluded from gross income for purposes of U.S. federal income tax, Commonwealth income tax, and U.S. state and local income tax and you are urged to consult your own tax advisors regarding the tax consequences of this income. Please note that any securities issued on the Effective Date in connection with this Option 2A will **not** be marketable.
- (ii) ~~(i) Custodial Trusts~~ **Option 2B:** You ~~shall (A) deposit, or be deemed to have deposited, among other things, your Pro Rata Share of~~ (i) agree to and not dispute acceleration of your National Insured Bonds and the obligations of National with respect to you under the applicable National Insurance Policy, in each case, in National's sole discretion, on the Effective Date or any time thereafter, and (ii) (A) deposit, or be deemed to have deposited, among other things, your Pro Rata Share of the National Trust Consideration, the National Insured Bonds allocable to you, and the related National Insurance Policies into the applicable National Trust, (B) be deemed to have received your Pro Rata Share of the National Trust

⁴ ~~Pursuant to the Plan, National shall exercise in its sole discretion its election of treatments at or prior to the Plan Supplement Deadline.~~

Consideration and National Certificates in consideration therefor, and (C) have no recourse to National or the National Insurance Policies other than as provided for under the terms of the National Trust. Any income received on account of this Option 2B likely will not be excluded from gross income for purposes of U.S. federal income tax, Commonwealth income tax, and U.S. state and local income tax and you are urged to consult to consult your own tax advisors regarding the tax consequences of this income. Please note that any securities issued on the Effective Date in connection with this Option 2B will **not** be marketable.

- ~~(ii) **Escrow:** You shall deposit, or be deemed to have deposited, among other things, your Pro Rata Share of the National Escrow Consideration in the National Escrow Account and such deposited National Escrow Consideration shall be held as security for National's obligations to the Holders of the National Insured Bonds whose National Escrow Consideration was deposited in the National Escrow Account under the National Insurance Policies.~~
- ~~(iii) **Payment of Accelerated Amounts:** National shall receive the National Plan Consideration that would be otherwise allocable to you and National shall fully and completely discharge its obligation to you by paying on the Effective Date, in Cash, the amount thereof at the National Acceleration Price as of the date of payment.~~
- ~~(iv) **Alternative Treatment:** The Oversight Board and National reserve the right to formulate an alternative election or implementation option with respect to the National Insured Bonds that is mutually acceptable to the Oversight Board and National, each in their respective sole discretion; provided, however, that any such alternative election or implementation option must be proposed, in writing, prior to the commencement of the Disclosure Statement hearing.~~

If you fail to make a valid election or submit an election for less than all of your Claims in Class 5 (in which case, such election will be void and of no force and effect), you will be deemed to have elected to commute the applicable National Insurance Policies, to release and discharge National's obligations thereunder, and to receive distributions in accordance with the National Commutation Treatment (Option 1). If you do not validly elect to receive the National Non-Commutation Treatment, you shall be deemed to have had, on or after the Effective Date, the National Insured Bonds, including the obligations of National under the related National Insurance Policies, underlying your Claim cancelled.

You are encouraged to review the entire Disclosure Statement and the Plan before making an election with respect to the form of distribution you will receive under the Plan. The tax consequences described in the Disclosure Statement and this Notice are not a substitute for careful tax planning and professional tax advice upon your individual circumstances and you should seek advice from your own tax advisor.

Please take notice that you are not able to vote to accept or reject the Plan and will not receive separate voting instructions for such purpose. Pursuant to the Plan and the Disclosure Statement Order, National is entitled to vote to accept or reject the Plan on account of Claims arising from securities insured by National.

IF YOU WISH TO RECEIVE THE NATIONAL COMMUTATION TREATMENT (OPTION 1), YOU DO NOT NEED TO TAKE ANY FURTHER ACTION. HOWEVER, IN SUCH CASE, YOU WILL BE DEEMED TO HAVE ELECTED TO RELEASE, DISCHARGE, AND COMMUTE NATIONAL'S OBLIGATIONS AND THE NATIONAL INSURANCE POLICY.

Each holder of National Insured Bonds described on Exhibit A attached hereto that wishes to receive the National Non-Commutation Treatment (Option 2A or Option 2B) must submit a valid election in the manner described herein.

* * * * *

How to Submit a Valid Election

If you wish to elect to receive the National Non-Commutation Treatment (Option 2A or Option 2B), you must instruct your broker or nominee (each, a "Nominee") to electronically deliver your National Insured Bonds via the Automated Tender Offer Program ("ATOP") at The Depository Trust Company ("DTC"), ~~which will constitute an~~ together with your election ~~via DTC's ATOP system to receive~~ to participate in either Option 2A or Option 2B of the National Non-Commutation Treatment ~~(Option 2).~~

No paperwork is required to be delivered to Kroll to effectuate ~~the~~ an election to receive the National Non-Commutation Treatment (Option 2A or Option 2B). The sole means of effectuating ~~this~~ the National Non-Commutation Treatment election (Option 2A or Option 2B) is to (i) validly tender your National Insured Bonds into the proper ATOP envelope at DTC, and (ii) make the election to receive ~~the National Non-Commutation Treatment (either~~ Option 2A or Option 2B, each as described on DTC's ATOP system.

**THE ELECTION DEADLINE IS
5:00 P.M. (ATLANTIC STANDARD TIME) ON JUNE 7, 2023.**

This date and time is referred to as the "Election Deadline."

PLEASE TAKE NOTICE THAT IF YOU TENDER YOUR NATIONAL INSURED BONDS THROUGH ATOP, YOU WILL BE RESTRICTED FROM TRANSFERRING YOUR NATIONAL INSURED BONDS UNTIL THE ISSUANCE OF NEW CUSIPS IN CONNECTION WITH SUCH TENDERED BONDS, WHICH ISSUANCE SHALL OCCUR AS SOON AS REASONABLY PRACTICABLE AFTER THE ELECTION

DEADLINE. IF YOU DESIRE TO RETAIN THE ABILITY TO TRADE OR TRANSFER YOUR NATIONAL INSURED BONDS PRIOR TO THE ISSUANCE OF NEW CUSIPS, THEN YOU SHOULD NOT TENDER YOUR NATIONAL INSURED BONDS THROUGH ATOP.

PLEASE ALSO TAKE NOTICE THAT THE NEW CUSIPS ISSUED IF YOU TENDER YOUR NATIONAL INSURED BONDS WILL BE CANCELLED AS OF THE EFFECTIVE DATE OF THE PLAN.

YOU MAY, HOWEVER, REVOKE YOUR ELECTION AT ANY TIME BEFORE THE ELECTION DEADLINE AND WITHDRAW ANY TENDERED NATIONAL INSURED BONDS.

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How to Revoke an Election

You may revoke an election to receive the National Non-Commutation Treatment (Option 2[A](#) or [Option 2B](#)) and withdraw your National Insured Bonds tendered through DTC's ATOP at any time before the Election Deadline.

If you wish to revoke your election, you must instruct your Nominee to revoke your election and withdraw your National Insured Bonds via ATOP at DTC (which withdrawal will be confirmed by Kroll once notified by DTC of the withdrawal request). No paperwork is required to be delivered to Kroll to effectuate the election.

If you revoke your election at any time before the Election Deadline, you may make an election to receive the National Non-Commutation Treatment (Option 2[A](#) or [Option 2B](#)) at any time before the Election Deadline, in accordance with the instructions to submit an election above.

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If you have any questions about your holdings, please contact your Nominee. Additionally, you must contact your Nominee to take any action described above.

IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE, PLEASE CONTACT THE BALLOTING AGENT, KROLL RESTRUCTURING ADMINISTRATION LLC (“KROLL”),⁵ BY TELEPHONE AT (844) 822-9231 (TOLL FREE FOR U.S. AND PUERTO RICO) OR (646) 486-7944 (FOR INTERNATIONAL CALLERS), AVAILABLE 10:00 A.M. TO 7:00 P.M. (ATLANTIC STANDARD TIME) (SPANISH AVAILABLE), OR BY EMAIL AT PUERTORICOINFO@RA.KROLL.COM AND REFERENCE “NATIONAL DISTRIBUTION ELECTION” IN THE SUBJECT LINE. PLEASE NOTE

⁵ On March 29, 2022, Prime Clerk LLC changed its name to Kroll Restructuring Administration LLC.

THAT KROLL IS NOT AUTHORIZED TO PROVIDE, AND WILL NOT PROVIDE, LEGAL ADVICE.

All questions as to the validity, form and eligibility (including time of receipt) of your election will be determined by the Oversight Board, whose determination shall be final and binding on all parties. The Oversight Board and National reserve the absolute right to reject any or all elections that are not in proper form or the acceptance of which would, in its legal counsel's opinion, be unlawful. The Oversight Board and National also reserve the right to waive any defects, irregularities or conditions as to an election. A waiver of any defect or irregularity in one instance shall not constitute a waiver of the same or any other defect or irregularity with respect to any other instance except to the extent the Oversight Board may otherwise so provide. An election shall not be deemed to have been made until any defects or irregularities have been waived by us or cured. None of the Oversight Board, National or the Balloting Agent, nor any other person will be under any duty to give notification of any defect or irregularity in this election, or will incur any liability to you for failure to give any such notification.

Exhibit A

Description	CUSIP